

Presentment Date:
February 7, 2001
at 12:00 noon

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
	:	Case Nos. 00 B 41065 (SMB)
RANDALL'S ISLAND FAMILY GOLF CENTERS,	:	through 00 B 41196 (SMB)
INC., <u>et al.</u> ,	:	
	:	(Jointly Administered)
Debtors.	:	
	:	
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**MOTION FOR ORDER PURSUANT TO SECTIONS 363, 365
AND 554 OF THE BANKRUPTCY CODE APPROVING
STIPULATION REGARDING REJECTION
AND TERMINATION OF SACRAMENTO LEASE**

TO THE HONORABLE STUART M. BERNSTEIN,
UNITED STATES BANKRUPTCY JUDGE:

The above-captioned debtors and debtors-in-possession (the "Debtors"), for their motion (the "Motion") for an order pursuant to sections 363, 365 and 554 of title 11 of the United States Code (the "Bankruptcy Code") approving a stipulation regarding rejection and termination of the Sacramento Lease (as defined below), respectfully state as follows:

Introduction

1. By this Motion, the Debtors seek approval of a stipulation attached as Exhibit A hereto (the "Stipulation"), entered into by Sacramento Family Golf Centers, Inc., one of the above-captioned Debtors, and the E. Chase Israelson Family Revocable Trust (the "Landlord"), both parties to that certain lease (the "Sacramento Lease"), dated January 18, 1995, of certain real property located at 3075 Redding Avenue, Sacramento, California (the "Sacramento Property"). By this Stipulation, the Debtors seek, among their things, to reject and terminate the Sacramento Lease.

2. As described more fully below, because of the poor performance of the business operated on the Sacramento Property, the Debtors have engaged in a marketing effort to sell the Sacramento Lease. However, these efforts have been unsuccessful. Accordingly, because the Sacramento Lease is and will continue to be a drain on the Debtors' cash flow, approval of the Stipulation rejecting and terminating such lease is in the best interests of the Debtors, their creditors and their estates.

Background

3. On May 4, 2000 (the "Filing Date"), each of the Debtors filed with this court separate voluntary petitions for relief under chapter 11 of the Bankruptcy Code. By order of this court dated as of the Filing Date, the Debtors' chapter 11 cases are being jointly administered. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors are continuing to operate their businesses and manage their properties as debtors-in-possession.

4. The Debtors operate golf, ice skating and family entertainment centers throughout North America. As of the Filing Date, the Debtors owned and/or operated 100 golf facilities and 17 ice skating and family entertainment centers.

5. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), in that it is a matter concerning the administration of the Debtors' estates. The statutory predicate for the relief requested in the Motion are sections 363, 365 and 554 of the Bankruptcy Code.

Relief Requested

6. Prior to the Filing Date, the Debtors determined to dispose of certain non-core and underperforming properties. The Debtors marketed these properties through their real estate broker, Keen Realty Consultants, Inc. ("Keen"), both prior to and after the commencement of these cases. In this regard, Keen conducted an intensive marketing effort to realize the maximum possible amount for such properties.

7. In accordance with Keen's efforts, the Debtors brought on for hearing a motion to sell, by public auction, 36 of the Debtors' fee-owned and leasehold properties, including the Sacramento Lease. In connection with such hearing, the Debtors determined to accept an offer by Klak Golf, LLC ("Klak") to acquire these properties. Consequently, on August 1, 2000, the Debtors entered into an agreement with Klak, as amended (the "Sale Agreement"), pursuant to which the Debtors agreed, among other things, to sell to Klak 10 of their fee-owned properties and grant "designation rights", as described below, to Klak for 24 leasehold properties including the Sacramento Lease. By order dated September 7, 2000, this Court approved the Sale Agreement. Under the terms of the Sale Agreement, Klak was given until October 9, 2000 to designate which leases it wanted assigned to it. Klak did not, however, designate the Sacramento Lease as one which it wanted.

8. After Klak informed the Debtors that it did not want to take assignment of the Sacramento Lease, Keen contacted parties that had previously expressed interest in the

Sacramento Lease to determine whether these parties would be interested in purchasing the Debtors' interest in such lease. Keen, however, could not locate a purchaser. Consequently, the Debtors entered into discussions with the Landlord with respect to the disposition of the Sacramento Lease, and, as a result, the Debtors and the Landlord agreed to dispose of the property described in the Stipulation.

9. Under the Stipulation, in exchange for the rejection and early termination of the Sacramento Lease, the Landlord has agreed to release all claims against the Debtors, including, without limitation, claims for prepetition and postpetition rent, additional rent, real estate taxes and fees, rejection damages claims under section 502(b)(6) of the Bankruptcy Code and all other claims or damages, known or unknown, which may have arisen or could arise under or in connection with the Sacramento Lease. In addition, as consideration for agreeing to waive its claims, the Landlord has requested that all personal property owned by the Debtors and located on the Sacramento Property remain on such property. Because the Debtors believe that the personal property is of inconsequential value and that the cost of moving and storing such property would exceed its value to the Debtors' estates, the Debtors have determined, with the consent of the Official Committee of Unsecured Creditors and The Chase Manhattan Bank, as Agent for certain of the Debtors' prepetition and postpetition lenders, to abandon such property to the Landlord.

Applicable Authority

10. Section 363(b) of the Bankruptcy Code provides, in relevant part, as follows:

(1) The trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.

11 U.S.C. § 363(b)(1).

11. Section 365 of the Bankruptcy Code provides, in relevant part:

(a) Except as provided in sections 765 and 766 of this title and in subsections (b), (c), and (d) of this section, the trustee, subject to the court's approval, may assume or reject any executory contract or unexpired lease of the debtor.

11 U.S.C. § 365(a).

12. Section 554 of the Bankruptcy Code provides, in relevant part:

(a) After notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.

11 U.S.C. § 554(a).

13. Accordingly, the Court has the authority to grant the relief requested.

Best Interests of the Estates

14. Approval of the Stipulation rejecting and terminating the Sacramento Lease is in the best interests of the Debtors, their estates and their creditors. All marketing efforts with respect to this lease have so far been unsuccessful, and the Debtors have not been able to find any buyer for the lease. The Debtors have determined that the cost associated with further attempts to market the Sacramento Lease outweighs any potential benefit the Debtors may realize should they find a potential buyer. The Debtors also believe that the proposed rejection and termination of the Sacramento Lease maximizes the assets available for distribution to creditors in an efficient and cost-effective way because the Landlord has agreed to waive all prepetition and postpetition claims. Accordingly, the rejection and termination of the Sacramento Lease is in the best interests of the Debtors, their estates and their creditors.

Notice

15. The Debtors have provided notice of this Motion to (i) the Office of the United States Trustee, (ii) Berlack, Israels & Liberman, LLP, counsel to the Official Committee of Unsecured Creditors, (iii) Morgan, Lewis & Bockius, LLP, counsel for The Chase Manhattan Bank, as agent for certain of the Debtors' prepetition and postpetition lenders, (iv) counsel to the Landlord, and (v) all other parties who have filed a notice of appearance in these chapter 11 cases. The Debtors believe that such notice is appropriate under the circumstances of this Motion and that any additional notice would not warrant the expense. Accordingly, the Debtors respectfully request that any and all other and further notice be dispensed with and waived.

Waiver of Memorandum of Law

16. Given the nature of the relief requested in this Motion, the Debtors respectfully request that this Court dispense with and waive the requirement for submission of a memorandum of law contained in Local Rule 9013-1(b).

No Previous Request

17. No previous request for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors request approval, pursuant to sections 363, 365 and 554 of the Bankruptcy Code, of the Stipulation annexed to this Motion, and granting such other and further relief as is just and proper.

Dated: New York, New York
January 18, 2001

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By /s/ Jonathan L. Flaxer
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